

BUDGET AND FINANCIAL PLAN SUMMARY FILE						
BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS						
	Last Year (Actual) 2010	Current Year (Estimated) 2011	Next Year (Adopted) 2012	Proposed 2013	Proposed 2014	Proposed 2015
<u>REVENUE & FINANCING SOURCES</u>						
Operating Revenues						
Charges for services						
Rental & financing income						
Other operating revenues						
Nonoperating Revenues						
Investment earnings	1,000	500	1,000	1,500	2,000	2,500
State subsidies/grants	6,272					
Federal subsidies/grants						
Municipal subsidies/grants						
Public authority subsidies						
Other nonoperating revenues	950,935,000	941,135,220	970,802,675	998,955,953	1,027,925,675	1,057,735,520
Proceeds from the issuance of debt						
Total Revenues & Financing Sources	950,942,272	941,135,720	970,803,675	998,957,453	1,027,927,675	1,057,738,020
<u>EXPENDITURES</u>						
Operating Expenditures						
Salaries and wages	718,241	715,660	909,387	945,763	983,593	1,022,937
Other employee benefits	201,582	246,512	336,727	360,831	379,549	395,233
Professional services contracts	187,298	2,245,099	587,183	99,483	104,457	109,680
Supplies and materials	7,791	6,051	6,881	7,225	7,586	7,966
Other operating expenditures	156,149	186,680	184,823	186,698	199,815	214,184
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements	104,415,000	119,745,000	144,580,000	150,965,000	156,850,000	142,570,000
Interest and other financing charges	79,762,000	69,177,854	63,843,746	57,063,713	50,292,871	43,648,000
Subsidies to other public authorities						
Capital asset outlay						
Grants and donations	6,272					
Other nonoperating expenditures	766,143,000	748,812,866	760,354,929	789,328,740	819,109,804	869,770,020
Total Expenditures	951,597,334	941,135,720	970,803,675	998,957,453	1,027,927,675	1,057,738,020
<u>CAPITAL CONTRIBUTIONS</u>						
Excess (deficiency) of revenues and capital contributions over expenditures	(655,062)	-	-	-	-	-

NIFA Budget and Financial Plan

2012-2015

As of October 6, 2011

1. **Accounting method:** The budget has been prepared in accordance with GAAP using the modified accrual basis of accounting.
2. **Assumptions and estimates used:** The two largest items in the budget are; 1) sales tax revenue, taken from the Nassau County budget projection; and 2) debt service, taken from the schedule of senior debt service provided in the NIFA Sales Tax Secured Bonds, Series 2009A Bond Offering Circular.
3. **Estimates of revenues:** The main source of NIFA revenue is Nassau County sales tax. This projection has been taken from Nassau County's Proposed Multi-Year Financial Plan for Fiscal Years 2012-2015.
4. **Estimates of personal service expenses:** The plan assumes that NIFA staffing levels will remain constant in accordance with guidance from the NIFA Employment and Compensation Committee. NIFA participates in the NYS pension plan and NYSHIP health insurance program. The budget assumes no cost of living adjustment for salaries and a 13% increase in Health Insurance premiums cost in 2012. Pension costs were projected based on guidance from the State Comptroller at 15.8% of salaries. Salaries and fringe benefits were adjusted by 4% and 10% respectively in each year for 2013-2015.
5. **Estimates of non-personal expenses:** Costs for office space, telephone, professional fees, and supplies were adjusted by a 5% inflation factor for each successive year of the budget.
6. **Estimates of projected debt service expenditures:** Projections for NIFA debt was taken from the schedule of senior debt service provided in the NIFA Sales Tax Secured Bonds, Series 2009A Bond Offering Circular. Interest on variable rate bonds was calculated assuming that payments are equal to the receipts from the associated swaps.
7. **Cash budget and financial plan:** NIFA's budgetary expenditures are closely aligned with the timing of its cash flow. There are no material timing differences other than receipt of sales tax and GAAP rules for debt service, which is explained below in item 18.
8. **Explanation of relationship with units of government on whose behalf the authority was established:** NIFA was created in 2000 for the purpose of overseeing the fiscal turnaround of Nassau County, issuance and administration of

debt on behalf of the County, issuance of reports on statutory findings based on the County's financial condition, and for the disbursement of State assistance.

9. **Description of budget process and key budget decisions:** The budget is created by the NIFA Acting Treasurer and reviewed by its Executive Director and Audit and Internal Controls Committee. It is then approved by the NIFA Directors prior to the start of each fiscal year. Staffing level decisions are guided by recommendations of the NIFA Employment and Compensation Committee.

10. **Description of budget assumptions including revenue sources, staffing etc:** Revenues of the Authority ("Revenues") consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sale and use of tangible personal property and services in the County ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various Authority accounts. Sales Tax Revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or County. Revenues of the Authority that are not required to pay debt service, operating expenses and other costs of the Authority are payable to the County as frequently as practicable. Revenue numbers used in the budget have been taken from Nassau County's Proposed Multi-Year Financial Plan for Fiscal Years 2012-2015.

Staffing has been kept at the level required to perform appropriate oversight of the County and covered organizations including the Nassau County Health Care Corporation, Sewer and Storm Water Authority and Nassau Community College.

11. **Self assessment of budget risks:** NIFA has a perfected interest in the sales tax collections for Nassau County and receives remittances from the NYS Department of Taxation and Finance for the purpose of withholding debt service set-aside monies and expenses, prior to remittance to the County. NIFA's costs are closely monitored by its executive staff and its Directors. As a result, there is little budget risk to NIFA or its bond holders.

12. **Revised forecast of current year budget:** The current year actual results for core operating expenses are on target with the original budget. However, the Board approved additional spending for unanticipated professional fees that have been incurred due to the imposition of a control period on Nassau County.

13. **Reconciliation that identifies all changes in estimates from projections in the previously approved budget:** Professional fees for outside legal and consulting services are projected to be higher than the previously approved budget.

14. **Statement of last year's fiscal actual performance:** The 2010 fiscal performance and 2011 projected results are in conformity with its approved budget.

15. Projections of number of employees, funding source, and functional classifications: NIFA currently operates with 5 full-time employees. Positions are funded via a withholding of sales tax proceeds which are received on behalf of Nassau County. These are classified as general operating expenses in the budget and financial statement.

16. Statement of revenue enhancing or cost reduction initiatives: NIFA has maintained a lean staffing plan in light of its debt issuance and oversight responsibilities. NIFA has also taken steps to reduce expenditures for rent, telephone and communications, and other expenses.

The Authority oversees a \$2.6 billion County budget and has issued approximately \$4.0 billion of debt, including swap transactions, during the past 10 years. NIFA currently has outstanding approximately \$1.648 billion in bonds, of which \$600 million are in the variable rate mode.

17. Statement on any non-recurring resource planned for use in any given year: Not applicable- in the past NIFA issued bonds on behalf of the County based on their requirements, however, NIFA is not planning to issue any new debt as of this writing.

18. Statement on transactions that shift resources from one year to another: Under GAAP reporting rules, NIFA accrues two months of sales tax revenue receivable at each calendar year end which will be paid in January and February of the subsequent year by the NYS Department of Taxation and Finance. However, also as per GAAP rules, NIFA accrues 12 months of debt service payments as a current liability. As a result, there is always a negative balance of current assets net of current liabilities, which directly results from this reporting timing difference. It should be noted that NIFA still has all required funds required for its annual May 15 interest payment and annual November 15 principal and interest payments, under this scenario.

19. Statement on borrowed debt outstanding at year end, planned issuances, assumed interest rates, debt service as a percentage of pledged revenue: The final maturity of the outstanding bonds is November 15, 2025. NIFA's statute requires it to remain in existence until all of its bonds have been paid or are no longer outstanding. No new debt is authorized in the NIFA Act except to refund existing debt. NIFA's debt program was initiated in FY 2000 and continued successfully in 2011. The outstanding debt of \$1.648 billion is comprised of \$1,048,185,000 of conventional fixed rate debt, and \$600,000,000 of synthetic fixed rate debt. Total estimated debt service was \$2,097,842,108 as of December 31, 2010. NIFA does not have any notes outstanding.

20. Statement on capital budget plan: not applicable

21. Statement from COO on reasonableness of assumptions and estimates:

I confirm, to the best of my knowledge and belief, the following representations made to you in this financial plan are fairly presented in conformity with accounting principles generally accepted in the United States of America. To the best of my knowledge and belief, after reasonable inquiry, the plan is based on reasonable assumptions and methods of estimation and that all regulations have been satisfied.

Jane F. Cunneen, Acting Treasurer